

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-07 FRB-03 INR-07 NSAE-00 EPG-02 SP-02 STR-04
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R 181703Z MAY 77
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 3837
INFO ALL EC CAPITALS
USDEL MTN GENEVA
AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA
AMEMBASSY BERN
AMEMBASSY OSLO
AMEMBASSY LISBON
AMEMBASSY HELSINKI

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E.O. 11652: N/A
TAGS: ETRD, EEC
SUBJECT: EC/EFTA RULES OF ORIGIN

REF: EC BRUSSELS 2763

1. IN RECENT WEEKS, MISSION HAS RAISED THE QUESTION OF THE
RESTRICTIVE EC/EFTA RULES OF ORIGIN WITH THE COMMISSION AT THE
WORKING LEVEL AND FOR THIRD TIME WITH COMMISSIONER DAVIGNON. WE
HAVE BEEN ASSURED THAT THE COMMISSION IS FULLY AWARE THAT IT OWES A
SUBSTANTIVE RESPONSE TO THE REPEATED EFTA AND US EXPRESSIONS OF
INTEREST IN LIBERALIZATION. COMMISSION OFFICIALS ALSO CONTINUE
TO ACKNOWLEDGE THAT THE CURRENT RULES ARE TOO RESTRICTIVE AND
THAT SOME LIBERALIZATION IS DESIRABLE. WHAT IS HOLDING THEM
BACK, THEY SAY, IS CONCERN THAT MEMBER STATES OPPOSED TO
LIBERALIZATION WILL USE THE CONTINUING RECESSION AS AN EXCUSE
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TO OPPOSE LIBERALIZATION.

2. NONETHELESS, A COMMISSION PROPOSAL COUCHED IN TERMS
OF SIMPLIFICATION OF EXISTING RULES, COULD BE PUT BEFORE THE
MEMBER STATES SHORTLY. COMMISSION OFFICIALS HAVE IN MIND
A PROPOSAL TO ADOPT A GENERAL VALUE ADDED RULE FOR CXT
CHAPTERS 84-92. COMMISSION OFFICIALS ARE UNWILLING TO

DISCUSS THE EXACT PERCENTAGE RULE THEY ARE PLANNING TO PROPOSE, INDICATING ONLY THAT THE 50 PERCENT RULE SUGGESTED BY THE EFTA COUNTRIES IS TOO HIGH. DAVIGNON HAS ASSURED AMBASSADOR HE WILL PERSONALLY EXAMINE FILE, BUT HAS GIVEN NO COMMITMENT TO ACT. COMMISSION STAFF BELIEVES, HOWEVER, THAT A COMMISSION PROPOSAL MAY BE CIRCULATED TO MEMBER STATES EARLY NEXT MONTH.

3. IN THE MEANTIME, THE EFTA COUNTRIES HAVE CONTINUED TO MAINTAIN PRESSURE ON THE COMMUNITY TO LIBERALIZE THE RULES OF ORIGIN. THE SWEDISH MINISTER OF COMMERCE RAISED THE QUESTION WITH DAVIGNON IN MARCH. THE COMMUNIQUE PUBLISHED AT THE CONCLUSION OF THE EFTA SUMMIT ON MAY 13 STATED " IT ALSO WOULD BE POSSIBLE TO DRAW RECIPROCAL ADVANTAGES FROM THE SIMPLIFICATION AND IMPROVEMENT OF THE RULES OF ORIGIN AND CUSTOMS PROCEDURES" IN THE EC/EFTA AGREEMENTS.

4. COMMENT: MISSION ESTIMATES THAT LOW-KEY BUT CONSTANT PRESSURE THAT EFTA COUNTRIES AND THE US HAVE APPLIED HAS GOOD POSSIBILITY TO PRODUCE EVENTUAL LIBERALIZATION OF THE RULES OF ORIGIN SO AS TO RESOLVE PRESENT AND POTENTIAL PROBLEMS FOR US EXPORTERS. IN OUR VIEW, EFTA COUNTRIES, WHOSE INTEREST IS MORE DIRECT, SHOULD BE KEPT OUT IN FRONT ON THIS ISSUE, WITH US SUPPORT AND ENCOURAGEMENT FROM TIME TO TIME. WE SEE NO PRESENT ADVANTAGE IN RAISING QUESTION IN MTN CONTEXT, AND IF THAT EVENTUALLY IS TO BE DONE, WE STRONGLY URGE THAT WE WORK INDIRECTLY TO GET AN EFTA COUNTRY OR COUNTRIES TO TAKE INITIATIVE. WE CLEARLY HAVE NOT GOT WATER TO CARRY WITHOUT FURTHER A US WILLINGNESS TO PAY FOR ANOTHER CONCESSION AND GIVING LIMITED OFFICIAL USE

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EC NEGOTIATORS A NEW CHIP WITH WHICH TO BARGAIN WITH US IN SEARCH OF AN OVERALL MTN SETTLEMENT.
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Message Attributes

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